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The Hon Eric Roozendaal  
Treasurer

Level 36  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

The Hon Carmel Tebbut  
Deputy Premier, Minister  
for Climate Change and  
the Environment,  
Minister for Commerce

Level 30  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Ministers

We present the Annual Report of the Newcastle Port Corporation for the year ending 30 June 2008. The report is in accordance with the Annual Reports (Statutory Bodies) Act 1984, the applicable provisions of the Public Finance and Audit Act 1983 and the State Owned Corporations Act 1989.

It is submitted for presentation to Parliament.



**P.E. Jeans**  
CHAIRMAN



**Gary Webb**  
CHIEF EXECUTIVE OFFICER

## chairman's message



I am pleased to report to you for the first time as Chairman that 2007-08 has been another successful year for Newcastle Port Corporation and one in which important foundations have been laid for our future growth and diversification.

The Port of Newcastle is recognised internationally for its coal exports and for its safe and efficient operations that saw nearly 3,300 ship movements in 2007-08.

Those ship movements contributed to a record 93.31 million tonnes of trade throughput valued at \$10.3 billion dollars, an increase of 24% mainly resulting from Asian demand for Hunter Valley coal and increasing coal prices.

Newcastle Port Corporation's earnings before interest and tax of \$11.63 million was a pleasing result and reflected increased trade volumes.

Our dividend payable to the NSW Government in relation to the financial year totalled \$4.66 million, which was in line with our commitments.

The NSW Government announcement in February that ownership of 470 hectares of port land would be transferred to Newcastle Port Corporation was welcome news and will be a major driver of Newcastle Port Corporation's growth and diversification.

The land parcels include 90 hectares of portside land at Mayfield, waterfront land at Walsh Point and coal terminal lease sites on Kooragang Island among other sites. The transfer means that prospective developers will only deal with one authority, thereby making Newcastle more competitive in attracting port-related industry.

The port's infrastructure was given a substantial boost when Newcastle Coal Infrastructure Group received approval to build a new coal terminal on Kooragang Island at a cost of about \$1 billion. Port Waratah Coal Services also added to the momentum when it announced post-2010 expansion plans costing \$1 billion, subject to approval by its Board.

Approval was given during the year for the construction of new wharf infrastructure at the former BHP Steelworks site at Mayfield. Construction will commence in late 2008 and its completion will facilitate a suite of diversified port trades at Mayfield.

The Newcastle Port Corporation team continued to perform to a very high standard throughout the year both in safely providing routine services and in dealing with the unusual in the case of the *Pasha Bulker* grounding. The Board congratulates CEO, Gary Webb, and his staff for their commitment and professionalism throughout the year.

I would like to pass on my and the Board's appreciation to inaugural Chairman, Wilton Ainsworth. Wilton completed 12 years with the Corporation and can look back on an impressive period where trade throughput increased significantly and the port grew in stature. Our appreciation also goes to fellow Directors, Gaye Hart and Allan McKeown. Gaye was an inaugural Director and Chaired the Safety, Health and Environment Committee before her term expired in December 2007, while Allan was Chair of the Audit Committee before business commitments saw him leave the Board in May.



P.E. Jeans  
CHAIRMAN





# ceo's message



The year 2007–08 was extraordinary for Newcastle Port Corporation in that it tested our professionalism and expertise, provided new learnings and saw planning of port development become a priority.

The outcome of the June 2007 long weekend storms and the *Pasha Bulker* incident are covered in a separate section of this Annual Report but it is the one overall event that tested the experience and resolve of employees.

I am extremely proud of all Newcastle Port Corporation employees who ensured that 'Safety' remained our No.1 priority while also concentrating on resumption of normal shipping movements as soon as possible.

In relation to safety, the Corporation maintained its focus on a goal of zero Lost Time Injuries and adopted an Occupational Health & Safety 'pyramid' that demonstrates the link between behaviours, unsafe conditions and injuries. *The Working Together: Public Sector OHS and Injury Management Strategy* continued to be implemented while an external audit of our Safety Management System indicated sound and active management systems with achievement of five A ratings and seven B ratings for 12 elements.

While the focus in the early part of the financial year was on incident control and port operations, the Corporation took important steps to sustain the port's future.

The planned transfer of port land to ownership of Newcastle Port Corporation is resulting in an assessment of planning priorities and resources. The Corporation will employ additional personnel in Property and Port Development because of increased land holdings and the forthcoming period of substantial growth.

The NSW Government also announced the proposal for the Port of Newcastle to be a State Significant Site to recognise the economic importance of the port. These provisions will consolidate existing zonings and identify the importance of associated industrial land and key transport corridors for ongoing operation of the port.

Coupled with the above developments is the employment of two additional Marine Pilots as trade continues to grow in the port. The new Pilots were employed because of the increase in ship movements as trade throughput reached a record 93.31 million tonnes of which coal exports amounted to 88.88 million tonnes. Forecasts are for throughput to reach nearly 99 million tonnes in 2008–09 with coal shipments expected to be 93 million tonnes. Ship movements are planned to increase from 3,277 to 3,500 in the next 12 months.

In January national tenders were called for the multi-million dollar redevelopment of wharf infrastructure at the former BHP steelworks site at Mayfield.

Planning of the site, of which 35 hectares has been earmarked for a container terminal when Port Botany reaches capacity, is important for future diversity in trade commodities. As mentioned by the Chairman, construction of wharf facilities will begin in late 2008 with the Corporation planning to call expressions of interest for operational use of the site by December 2008.

The Business Development Branch is meeting with existing and prospective customers to build a better understanding of customers' businesses in line with the service-oriented position of the port and its progressive development strategy.

I also congratulate and thank all employees for their work in 2007–08. It was a demanding 12 months, but a period which laid a platform for growth, development and diversity for future years.



Gary Webb

CHIEF EXECUTIVE OFFICER

# purpose of the corporation

The purpose of Newcastle Port Corporation is to provide safe, effective and sustainable port operations and to deliver port development that enhances the economic growth of the Hunter Region and New South Wales.

## Statutory Objectives

Newcastle Port Corporation's principal objectives under the State Owned Corporations Act and the Ports and Maritime Administration Act 1995 are:

- to be a successful business
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates
- to promote and facilitate trade through its port facilities
- to ensure its port safety functions are carried out properly

## Business Plan

The Corporation through its Business Plan has the following priorities:

- safety
- delivering opportunity for the Hunter Region
- grow trade
- optimise return on commercial property
- staff sustainability

The Corporation through its Business Plan has the following values:

- safety
- customer focus
- teamwork
- leadership

We do not tolerate:

- unsafe acts
- double standards
- bullying
- harassment











# the year in review

## Summary of Results

	2006-2007	2007-2008
<b>FINANCIALS</b>		
Revenue from port operations (\$m)	39.293	41.501
Operating surplus (\$m after tax)	11.529	8.464
Total assets (\$m)	170.199	177.310
Return on assets	9.8%	6.7%
<b>TRADE</b>		
Total Trade (million mass tonnes)	85.60	93.31
Coal Export Trade (million mass tonnes)	80.77	88.88
General Cargo Trade (million mass tonnes)	0.71	0.66
Non-Coal Bulk Trade (million mass tonnes)	4.09	3.77
<b>SHIPPING</b>		
Total vessel GRT (million tonnes)	57.00	61.25
Vessel visits	1,426	1,566
<b>EMPLOYEES</b>		
Number of Employees	106	110



## Highlights

- Trade throughput in 2007-08 at 93.31 million tonnes was a new trade record and an increase of 7.71 million tonnes on 2006-07 financial year
- Total trade was valued at about \$10.3 billion, an increase of \$2 billion (or 24%) on the previous financial year. Coal trade was valued at \$7.7 billion with other trade valued at \$2.6 billion
- Newcastle continued to set new coal export records with nearly 88.88 million tonnes, maintaining the port's position as the world's largest coal export port
- The number of shipping movements increased 10% from 2,992 in 2006-07 to 3,277 in 2007-08
- The NSW Government announced in February that 470 hectares of port area land would come under control of the Corporation to create efficiencies for the port and the Hunter Region

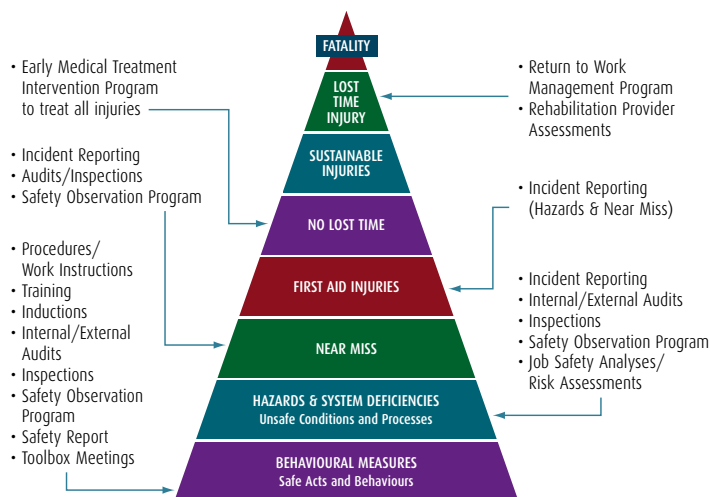
# safety

Safety is the No.1 priority at Newcastle Port Corporation and a Safety Report has become the lead item at each meeting of the Board of Directors.

Safety initiatives had the full support of the Board through its Safety, Health and Environment Committee to reduce the Lost Time Injury level to a goal of zero. A Safety Observation Program resulted in 374 observations to exceed the targeted monthly average of 30.

As part of the continuing program to improve safety, Newcastle Port Corporation adopted an Occupational Health & Safety 'pyramid' that demonstrates the link between behaviours, unsafe conditions and injuries. The 'pyramid' is used to support the safety management system and to educate and train employees about the importance of reporting incidents. It also highlights the various safety systems used by the Corporation to measure and influence each category within the hierarchy.

A new incident reporting and analysis reporting procedure was introduced as part of the 'pyramid' system and an information package explaining the link between the 'pyramid' and the new incident report form was planned for distribution to all employees.



The Corporation continued implementation of the *Working Together: Public Sector OHS and Injury Management Strategy* which aims to secure improvements in health and safety performance with a specific focus on injury management.

As part of maintaining compliance, an external audit of the Corporation's Safety Management System was completed in May by Safetyworks Group Pty Ltd. The audit indicated that Newcastle Port Corporation had sound and active management systems in place with achievement of five A ratings and seven B ratings over 12 elements (A rating indicates full implementation of the criteria and demonstration of continual improvement within that area; B rating is a very high standard demonstrating 100% implementation of the criteria and an extremely robust safety system).

A review of the areas for improvement and recommendations provided by the audit is being used as the basis for formulation of an action plan to continue the focus on safety within the organisation.

During the year an Induction Officer and a Maritime Security Officer were appointed to improve focus on two important port areas. Induction Officer, Marie Borg, is developing, co-ordinating and implementing the Corporation's Induction System for all properties and sites in the port. Marie works with a wide cross-section of port users, contractors, regulatory bodies and port facilities in making Newcastle one of the leading export ports in the world.

Maritime Security Officer, Rebecca Jones, co-ordinates the development, implementation and maintenance of the Port Security Management System. This role includes liaising with port facilities, regulatory bodies, intelligence agencies and port stakeholders. Rebecca is also involved with the Maritime Security Identification Card system and identifies and addresses emerging issues that impact port security.

Newcastle Port Corporation's Shiphandling Safety Guidelines were changed in April following 15 months of trials and simulation to enable the sailing of deep draught vessels up to 105 minutes before high water on tides ranging up to 1.5 metres.

The previous 'tidal window' only allowed deep draught vessels to sail up to 90 minutes prior to high tide. The expanded window means up to four deep draught – or Cape-sized – vessels can be piloted for departure each day.

# delivering opportunity for the hunter region

The Port of Newcastle is recognised as the largest coal export port in the world and is on the verge of major expansion that will increase exports in the next decade.

A significant contributor to both the regional and NSW economies, the port is crucial in providing employment and income through port-related activities.

In May, the NSW Government announced that the Port of Newcastle, along with Port Botany and Port Kembla, would be identified as a State Significant Site to recognise its economic importance and provide greater consistency of operation.

The proposed listing details projects that will automatically be assessed by the government under the State's major projects legislation. The status is designed to protect the port and industries reliant on access to port infrastructure from incompatible land use that may limit operations. Provisions consolidate existing zonings and also identify the importance of associated industrial land and key transport corridors for the ongoing operation of the port.

In December, the highly successful regional enterprise, Cruise Hunter, relocated from Newcastle City Council to Newcastle Port Corporation to allow further development of the niche market.

The move aims to improve synergy between port operations and the marketing of Newcastle as a cruise and naval destination. Cruise ships, such as the 263-metre *Mercury* which visited Newcastle three times in the 2007-08 cruise season, contribute about \$500,000 to the local economy during each stopover.

In January, national tenders were called for the multi million-dollar redevelopment of wharf infrastructure at the former BHP steelworks site at Mayfield. The 265-metre berth will be utilised for loading and unloading a range of cargo including general cargo, break-bulk and containers to service growth in the port.

The project is designed to facilitate trade growth and allow the Port of Newcastle to establish new functions complementary to other New South Wales ports. Under the NSW Ports Growth Plan the Mayfield site

is designated the State's next container terminal when Port Botany reaches its capacity and 35 hectares of the 90-hectare site is for a future container terminal.

Newcastle Port Corporation plans to start constructing the new wharf infrastructure by late 2008 with the new facilities to be commissioned towards the end of 2009.

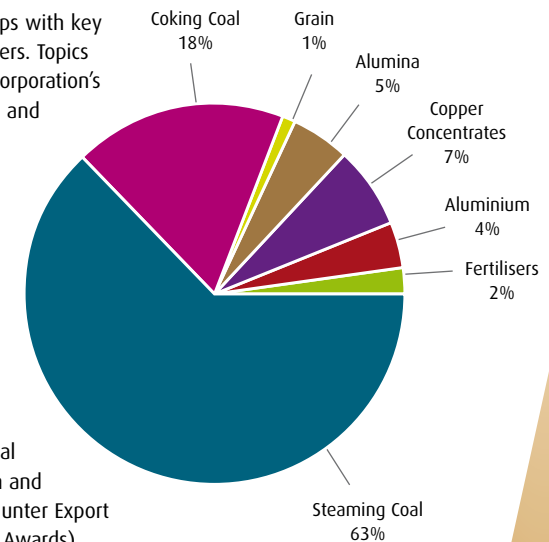
The region's business leaders were invited to the Corporation's first business forum in September 2007 where the future direction and importance of the port was outlined by Minister for Ports and Waterways, the Hon. Joe Tripodi.

The forum assisted in building and strengthening relationships with key stakeholders and prominent business, industry and civic leaders. Topics included aspects of port infrastructure, how Newcastle Port Corporation's plans fit in context with major local and State development, and the port's significant value to the Hunter Region.

The community was assisted and supported in many ways with the opportunity of taking a free tour of the working port on Australia Day in January and during the Maritime Festival in October proving extremely popular. The Corporation chartered a 200-seat catamaran on both occasions and the general public took advantage of the 40-minute tours to learn about their port and enjoy the harbour surrounds.

Support continued for a range of community and business organisations such as Carrington Public School (environmental project), Conservation Volunteers Australia (bitou eradication and native plant regeneration), Hunter TAFE (Maritime Medal), Hunter Export Centre (Export Awards), Hunter Business Chamber (Business Awards), Star Struck (youth and culture), Newcastle University (clean coal research), Mission to Seafarers (welfare support) and Stockton Public School (literacy and numeracy program).

**Value of Trade: \$10.35 billion**  
Year Ending 30 June, 2008





# growing trade

Increasing demand for Hunter Valley coal from Asian markets saw the Port of Newcastle establish a new trade record in the 2007–08 financial year.

A total of 93.31 million tonnes in imports and exports worth \$10.3 billion passed through the port. The trade throughput was an increase of 7.71 million tonnes on the previous year of 85.60 million tonnes.

The value of trade was up by \$2 billion, or 24%, because of high prices for coal. Coal exports were valued at nearly \$7.7 billion with non-coal commodities of 4.43 million tonnes valued at more than \$2.6 billion.

Coal continues to be Newcastle's main export with 88.88 million tonnes leaving the port in 2007–08. This included a record month in December 2007 when 8.38 million tonnes was exported.

In January, the NSW Government appointed the former NSW Premier, Nick Greiner, to facilitate the coal industry in expansion of the export coal chain through the Port of Newcastle.

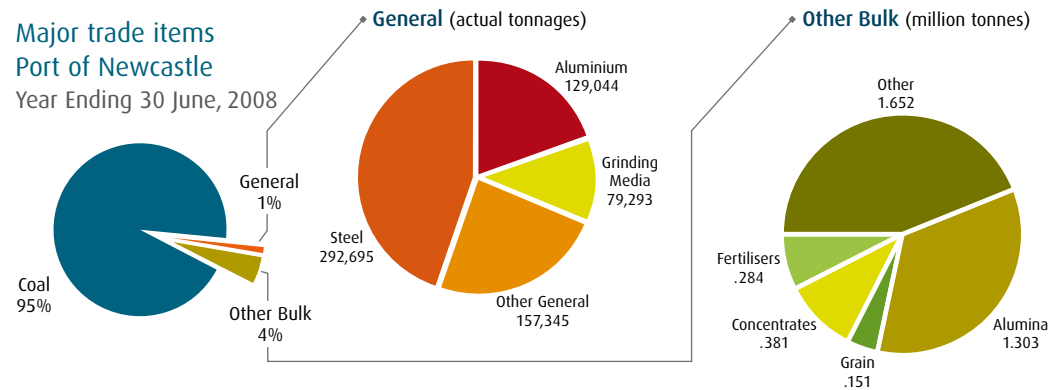
Mr Greiner met with the Chief Executives of the region's 14 coal mining companies and members of the Hunter Valley Coal Chain Logistics Team. He assisted the coal industry to develop important initiatives that may both increase and allocate capacity in the Hunter Valley supply chain from late 2008. Forecasts are for the port to export about 93 million tonnes of coal in the 2008–09 financial year.

Among infrastructure developments aimed at continuing trade growth is construction of a new coal terminal by Newcastle Coal Infrastructure Group (NCIG). The green light for the \$1 billion project was given in January when NCIG completed its financial arrangements. The terminal will initially have capacity of 33 million tonnes per annum before increasing to 66 million tonnes. The first coal is expected to be exported from the terminal in 2010.

A \$78 million expansion of Port Waratah Coal Services (PWCS) Kooragang Coal Terminal has increased capacity from 77 million tonnes per annum to 102 million tonnes per annum. NSW Government approvals allow an expansion of total nominal capacity of PWCS's two coal terminals to 145 million tonnes per annum.

## Major trade items Port of Newcastle

Year Ending 30 June, 2008



PWCS has also announced a \$1 billion expansion plan from 2010 that would enable coal output from its Newcastle operation to be boosted by 40 percent. The plan is the next phase of the PWCS long-term expansion strategy which has already resulted in \$1 billion being committed to its Kooragang Island site since 1999.

Newcastle Port Corporation welcomes the new and proposed developments which will contribute directly to the economy of the region.

Although non-coal trade was impacted by rural drought conditions with no grain exports being recorded during the 12 months, the port has great potential to grow in these commodity areas. Newcastle Port Corporation has 90 hectares of land available for development at the former BHP steelworks site with the NSW Ports Growth Plan designating Newcastle as the next container terminal port once Port Botany reaches capacity.

Marstel Terminals Newcastle Pty Ltd continued developing plans to establish a \$47 million bulk liquids facility on portside land that incorporates a fuels and bio-fuels blending and distribution terminal. Manildra Park Pty Ltd is planning construction of a \$13 million ship refuelling facility in the port while BP Australia announced a port development to improve fuel supplies to the Hunter Region.

Newcastle Port Corporation strengthened its Business Development Branch with the appointment of a new General Manager and a Marketing Manager while increasing its attention on service for existing and potential customers.

A total of 3,277 shipping movements were registered in 2007–08 compared to 2,992 the previous year, an increase of 10 percent.









# optimising return on commercial property

Newcastle Port Corporation concentrated on consolidation of land ownership within the port to strengthen its position as an internationally recognised port providing opportunity for growth and diversity.

The NSW Government announced in May that 470 hectares of land previously owned or managed by seven government agencies would come under control of the Corporation.

The transfer is designed to create efficiencies for the port and the Hunter Region and the following land parcels will come under ownership of Newcastle Port Corporation:

- 90 hectares of waterfront land at Intertrade Industrial Park
- all waterfront land at Walsh Point on Kooragang Island
- coal terminal lease sites at Kooragang Island and Carrington (terminals operated by Port Waratah Coal Services)
- the new coal terminal lease site on Kooragang Island (terminal being developed by Newcastle Coal Infrastructure Group)
- most of the former BHP waste displacement area on Kooragang Island

Minister for Ports and Waterways, the Hon. Joe Tripodi, said the consolidation was integral to the port's future success with Newcastle Port Corporation working on a 20-year development plan aimed at helping the coal industry.

The Minister said proponents of investment would now only deal with a single entity which understood and shared their business objectives.

In other developments:

- bulk capacity was expanded at Kooragang No.2 berth with the completion of a \$2.8 million project which included new 'mooring dolphins' and a mooring block. The improved facility allows two vessels to be berthed at the same time to substantially reduce waiting periods

- Azzura Marine started to develop the former State Dockyard site on Dyke Point into a super luxury yacht manufacturing facility (pictured). The development application, lodged by Newcastle Port Corporation and Azzura Marine, proposed expenditure of \$4.5 million to refurbish a large section of the existing construction sheds with the commitment of additional yacht building and marine infrastructure. Other expenditure, such as remediation works and yacht construction equipment, is expected to bring total spending to about \$14.5 million.

Azzura Marine also announced expansion of its operations in Newcastle by acquiring the business assets of Sensation Yachts at Carrington.

- As mentioned in Growing Trade, bulk fuel interest remained high with the Corporation involved in negotiations with fuel importers for several multi-million dollar developments. This interest included BP receiving development consent to install a pipeline from its Wickham terminal to Dyke Point.
- Newcastle Port Corporation entered into discussions with the Commonwealth Department of Environment, Heritage and the Arts to discuss the proposed development on Nobbys headland. The discussions followed the decision of Federal Minister, Peter Garrett, not to approve a multi-million dollar project under the Environment Protection and Biodiversity Conservation Act.

Newcastle Port Corporation in 2003 conducted an expression of interest process for the adaptive re-use of the Nobbys headland site. Nobbys Lighthouse Pty Ltd was the successful applicant and proposed to build a 50-seat restaurant and manager's residence while also converting the existing vacant cottages into eight-bed accommodation units.

The development, which was approved by the NSW Heritage Office and Newcastle City Council, also planned to provide public facilities, a kiosk and viewing platform for the general public to provide the opportunity for the community to visit the site.



# staff sustainability

A Human Resources Strategic Plan 2008–2011 which has the core element of improving organisational effectiveness was endorsed by the Board during the year.

Newcastle Port Corporation believes a strategic approach to human resource management should foster organisational flexibility, utilise core competencies and create sustainable competitive advantage, and key human resource activities have been included in the plan for the next three years. The plan also outlines specific services, outcomes and performance standards that are expected to deliver workforce and business results. It also will enable the development and continuous improvement of Human Resource systems, policies and procedures consistent with the Corporation's priorities.

In conjunction with the Strategic Plan, an assessment of the organisation's health was conducted to assess the collective wellbeing of the Corporation and its employees, the level of engagement and teamwork, and the willingness of staff and management to undertake discretionary work. The assessment revealed:

- a low turnover/separation rate of 6% in 2006
- an average length of service in 2006 of 13 years, which is greater than the Public Sector, the Industry Sector and the Corporation's previous year

This assessment supported strategic actions related to:

- improving recruitment and selection processes before focussing on staff retention
- improving performance management
- recognising achievements

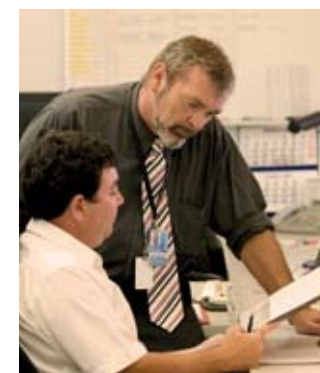
Actions implemented during 2007–2008 in relation to staff sustainability included:

- implementation of a comprehensive communication and consultation strategy for safety
- investigation of options for introduction of a fitness for work program, including alcohol and drug testing, undertaken by a working group of management, staff and union representatives
- all recruitment processes include an assessment of safety attitudes
- research into workforce planning strategies to address issues such as the ageing workforce, succession planning, and training and development
- a review of staff training needs undertaken as part of the performance management system

Chief Executive Officer, Gary Webb, was named Newcastle Citizen of the Year during the 2008 Australia Day celebrations while Harbour Master, Captain Tim Turner, was named recipient of the Public Service Medal in the Queen's Birthday Honours List. Gary's award was largely in recognition for his work in response to the *Pasha Bulker* incident while Tim's medal was recognition of a distinguished maritime career that spans 40 years at sea and with the Newcastle Port Corporation.

General Manager Port Development, Annette Woods, was named one of the nation's 25 most influential female engineers in Australia last December. The respected trade publication, *Engineers Australia*, named Annette from 140 candidates to celebrate the Year of Women in Engineering.

Maritime Security Officer, Rebecca Jones, was named Young Transport and Logistics Professional at the 2007 Chartered Institute of Transport and Logistics Awards. Rebecca gained the award for her work on the implementation of the Maritime Security Identification Card and development of the port induction system.



# pasha bulker

Newcastle Port Corporation implemented a range of measures to improve safety for vessels visiting the Port of Newcastle following internal, NSW Maritime and Australian Transport Safety Bureau investigations into the grounding of the bulk carrier, *Pasha Bulker*, on Nobbys Beach in June 2007.

The investigations were conducted shortly after the grounding but Newcastle Port Corporation acted quickly to improve safety measures following its experiences from the incident. Measures implemented include:

- improved monitoring of ships off Newcastle through an Automatic Identification System which allows enhanced shore-based vessel tracking and shore-to-ship communication of safety messages
- advising Masters of ships arriving off Newcastle to anchor not less than three nautical miles from shore
- broadcasting weather warnings promulgated by the Bureau of Meteorology to Masters of ships off Newcastle
- procedural checks of audio equipment at the Vessel Traffic Information Centre (VTIC)

The Corporation confirmed that the role of the VTIC, established in 2001 under the International Association of Marine Aids to Navigation and Lighthouse Authorities, was advisory. The role of VTIC was an information facility and not a control centre which is reinforced with Ships' Masters, owners, operators and other port organisations.

Newcastle Port Corporation considers that a Master of a vessel has command at all times and is responsible for the safety and operation of the ship, and safety and wellbeing of the crew. The Corporation continues to work with relevant Australian authorities to improve crew competencies.

The outstanding work of Newcastle Port Corporation during the *Pasha Bulker* incident has been recognised at the 2007 Australian Shipping and Transport Awards. The Corporation was named winner of the 'Achievements in Exceptional Occupational Health and Safety Practices' category which was viewed as a tribute to all Corporation employees and those representatives from external agencies who assisted during the grounding and successful refloat of the *Pasha Bulker* in June and July 2007.

In June 2008, Newcastle Port Corporation secured a \$1.8 million reimbursement for costs incurred in responding to the grounding of *Pasha Bulker*. The settlement, negotiated by the Corporation with Britannia Steam Ship Insurance Association, was on behalf of all NSW agencies involved in the response effort. The settlement includes resources used as a precaution against an oil spill under the *Marine Pollution Act*.







From left to right: Standing – John Carter, Mark Sargent, Michelle McPherson and Neil Pearson  
Seated – Gary Webb and Paul Jeans

# corporate governance

## Board of Directors

The Directors of the Corporation are:

### Paul Jeans

BE, FIE Aust, CPEng, MAICD

Paul was appointed as a Director of Newcastle Port Corporation in October 2002 and Chairman in May 2008. Paul is a member of the Audit Committee and the Safety, Health and Environment Committee.

In a career spanning over 40 years with BHP, Paul held the following senior executive positions: Executive and Group General Manager / C.E.O. for BHP's Steel Businesses (Wire, Rod and Bar, Slab and Plate Divisions), its Minerals Businesses (Iron Ore, Manganese and Hot Briquetted Iron) and its Services Businesses (Engineering, Information Technology, Transport, Power and Insurance).

Paul is a Director of Energy Australia.

Paul's current three-year term expires in October 2010.

### Professor John Carter AM

DEng, BE (Hons) PhD, MASCE, FIEAust CPEng, FTSE

John was appointed a Director of Newcastle Port Corporation in May 2008 and is a member of the Safety, Health and Environment Committee.

John is the Pro Vice-Chancellor (Engineering and Built Environment) at the University of Newcastle, a role he commenced in 2006.

Having previously held academic appointments at the University of Cambridge and the University of

Queensland, John joined the University of Sydney in 1982, where he was appointed to a personal chair in 1990 and to the Challis Professorship in Civil Engineering in 1999. At the University of Sydney John also held a number of roles including Chairing the University's Research Committee (2003–05) and Academic Board (2004–05).

From 2002 to 2004 he was Chair of the Australian Research Council's Expert Advisory Committee for Engineering and Environmental Sciences. In 2003 he was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering.

In the Australia Day Honours 2006, Professor Carter was made a Member of the Order of Australia for his services to civil engineering.

John's current three-year term expires in May 2011.

### Michelle McPherson

BBus (Accounting), CA, GAICD

Michelle was appointed a Director of Newcastle Port Corporation in April 2008 and chairs the Audit Committee.

Michelle is the Deputy Chief Executive Officer and Chief Financial Officer of NIB Holdings Limited.

Michelle joined NIB in 2003 as Chief Financial Officer, having held a range of financial positions in a ten-year career with Caltex Australia. Prior to being employed by Caltex Australia, Michelle spent eight years in chartered accounting.

Michelle's current three-year term expires in April 2011.

## Neil Pearson

BEng (Hons), Grad Dip Man., MBA, MIE Aust, GAICD

Neil was appointed as a Staff Director in October 2005 and is a member of the Audit Committee.

Neil is the Projects Manager for Newcastle Port Corporation and is responsible for the project management of the Corporation's development of port infrastructure (outside of major strategic projects), management of maintenance for the majority of the Corporation's asset portfolio and co-ordination and management of the annual capital works program.

In his 22 years with Newcastle Port Corporation and its predecessor the Maritime Services Board Hunter Ports Authority, Neil has held a number of engineering roles prior to his appointment as Projects Manager in 2000.

Neil's current three-year term expires in October 2008.

## Mark Sargent

MBA, MMktg, GAICD

Mark was appointed a Director of Newcastle Port Corporation in December 2005 and chairs the Safety, Health and Environment Committee.

Mark is the principal of Aigis Group Pty Ltd, which provides economic and social impact modelling, finance and corporate governance advice. He previously held positions with Boral's concrete and transport divisions and the Newcastle Knights.

He has served as a Director of Life Activities and as a Director of NUSport (Newcastle University Sport).

Mark's current three-year term expires in December 2009.

## Gary Webb

B Surv. (Hons) Grad Dip. Ed., Grad Dip BA, FAICD

Gary was appointed a Director of Newcastle Port Corporation effective from December 2004.

This follows his appointment as Chief Executive Officer in October 2004. Gary was previously the General Manager Operations for Newcastle Port Corporation.

His current term expires in September 2012.

The terms for the following Directors concluded during the year:

Wilton Ainsworth, Chairman 1995 to December 2007

Gaye Hart, Director 1995 to December 2007

Director Allan McKeown resigned from the Board in May 2008 (appointed December 2005) due to his other business commitments.

## Executive Management

### Gary Webb

Chief Executive Officer

BSurv (Hons), Grad Dip Ed (TAFE),  
Grad Dip Bus Admin (Executive), FAICD

### David Callaghan

General Manager Finance and Corporate Services

BComm, CA

### Michael Dowzer

Secretary and General Counsel

LLB, Grad Dip Legal Practice, GAICD

### Michael Baudinette

General Manager Business Development

BAppSci (Metallurgy)

### Ron Sorensen

General Manager Operations

MIMAREST

### Timothy Turner

Harbour Master / Senior Pilot

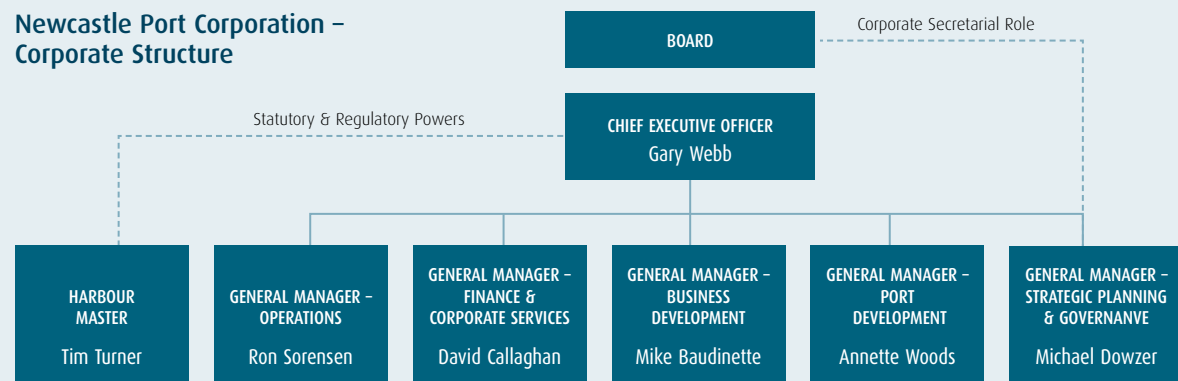
Master Mariner

### Annette Woods

General Manager Port Development

BEng (Civil), MIEAust

## Newcastle Port Corporation – Corporate Structure





financial statements for the year ended 30 June 2008



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# Directors' Statement

In accordance with a resolution of the Directors of the Newcastle Port Corporation, Clause 14 of the Public Finance and Audit Regulation 2000, and pursuant to Section 41C(1B) and 41C(1C) of the Public Finance and Audit Act 1983, in the opinion of the Directors:

1. the accompanying financial statements exhibit a true and fair view of the financial position of the Corporation as at 30 June 2008 and transactions for the year then ended;
2. the statements have been prepared in accordance with the provision of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and relevant Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included on the financial statements to be misleading or inaccurate.



**Paul Jeans**  
CHAIRMAN



**Michelle McPherson**  
DIRECTOR

Dated: 25 September 2008

## independent audit report



GPO BOX 12  
Sydney NSW 2001

### INDEPENDENT AUDITOR'S REPORT NEWCASTLE PORT CORPORATION

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Newcastle Port Corporation (the Corporation), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2008, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

My opinion should be read in conjunction with the rest of this report.

#### The Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Corporation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

#### Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

A handwritten signature in black ink, reading 'James Sugumar'.

James Sugumar  
Director, Financial Audit Services

20 October, 2008  
SYDNEY

Newcastle Port Corporation  
**Income Statement**  
for the financial year ended 30 June 2008

		2008	2007
	Note	\$000	\$000
<b><u>Revenue</u></b>			
Port management	2	41,501	39,293
Interest on deposits		2,920	2,606
<b>Total revenue</b>		<b>44,421</b>	41,899
<b><u>Other income</u></b>			
	3	4,154	9,543
<b><u>Expenses</u></b>			
Employee benefits	4	13,160	12,054
Depreciation and amortisation	4	2,612	2,540
Finance costs	4	2,085	2,099
Other expenses	4	18,250	18,126
		<b>36,107</b>	34,819
<b><u>Profit before income tax</u></b>			
		<b>12,468</b>	16,623
Income tax expense	5	(4,004)	(5,094)
<b>Profit after income tax</b>		<b>8,464</b>	11,529
<b><u>Profit attributable to owners</u></b>			
		<b>8,464</b>	11,529

The above Income Statement should be read in conjunction with the accompanying notes.



Newcastle Port Corporation  
**Balance Sheet**  
as at 30 June 2008

	Note	2008 \$000	2007 \$000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6	44,939	44,854
Trade and other receivables	7	5,115	3,755
Inventories	8	115	101
Financial assets at fair value	9	35	–
<b>Total current assets</b>		<b>50,204</b>	<b>48,710</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	10	64,476	58,663
Investment properties	11	60,037	59,790
Intangible assets	12	275	409
Post employment benefits	13	2,318	2,627
<b>Total non-current assets</b>		<b>127,106</b>	<b>121,489</b>
<b>Total assets</b>		<b>177,310</b>	<b>170,199</b>
<b><u>Current liabilities</u></b>			
Trade and other payables	14	13,098	5,774
Income tax payable	5	885	735
Provisions	15	3,812	8,502
<b>Total current liabilities</b>		<b>17,795</b>	<b>15,011</b>
<b><u>Non-current liabilities</u></b>			
Interest bearing borrowings	16	30,851	30,829
Deferred tax liabilities	5	17,412	16,987
Provisions	15	289	214
<b>Total non-current liabilities</b>		<b>48,552</b>	<b>48,030</b>
<b>Total liabilities</b>		<b>66,347</b>	<b>63,041</b>
<b>Net assets</b>		<b>110,963</b>	<b>107,158</b>
<b><u>Equity</u></b>			
Contributed equity	17	62,282	62,282
Reserves	18	10,932	10,932
Retained profits	19	37,749	33,944
<b>Total equity</b>		<b>110,963</b>	<b>107,158</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

Newcastle Port Corporation  
**Cashflow Statement**  
for the financial year ended 30 June 2008

		2008	2007
	Note	\$000	\$000
<b><u>Cash flows from operating activities</u></b>			
Receipts from customers (inclusive of GST)		<b>47,938</b>	46,339
Payments to suppliers and employees (inclusive of GST)		<b>(33,218)</b>	(30,653)
Interest received		<b>2,908</b>	2,606
Interest paid		<b>(2,054)</b>	(2,078)
Income tax paid	5	<b>(3,429)</b>	(3,264)
<b>Net cash inflow from operating activities</b>	25	<b>12,145</b>	12,950
<b><u>Cash flows from investing activities</u></b>			
Payments for property, plant and equipment	10	<b>(8,354)</b>	(2,069)
Payments for investment property	11	<b>(27)</b>	–
Payments for intangibles	12	<b>(40)</b>	(21)
Proceeds from sale of property, plant and equipment	10	<b>181</b>	143
Newcastle harbour deepening account	14	<b>(12)</b>	1
<b>Net cash outflow from investing activities</b>		<b>(8,252)</b>	(1,946)
<b><u>Cash flows from financing activities</u></b>			
Dividends paid	14	<b>(3,808)</b>	(6,024)
<b>Net cash outflow from financing activities</b>		<b>(3,808)</b>	(6,024)
Net increase in cash and cash equivalents		<b>85</b>	4,980
Cash and cash equivalents at the beginning of the financial year		<b>44,854</b>	39,874
Cash and cash equivalents at the end of the financial year	1(a), 6	<b>44,939</b>	44,854

The above Cashflow Statement should be read in conjunction with the accompanying notes.

Newcastle Port Corporation  
**Statement of Changes in Equity**  
for the financial year ended 30 June 2008

		2008	2007
	Note	\$000	\$000
<b>Total equity at the beginning of the financial year</b>		<b>107,158</b>	99,437
Profit for the year		<u><b>8,464</b></u>	<u>11,529</u>
<b>Total recognised income and expense for the year</b>		<b>115,622</b>	110,966
Dividend provided for or paid	14	<u><b>(4,659)</b></u>	<u>(3,808)</u>
<b>Total equity at the end of the financial year</b>		<u><b>110,963</b></u>	<u>107,158</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## notes to the financial statements for the financial year ended 30 June 2008

### Background

Newcastle Port Corporation (NPC) is a Statutory State Owned Corporation under the State Owned Corporations Act 1989 (as amended), responsible for the Port of Newcastle.

### 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### Basis of preparation

As required by Section 41B(1) of the Public Finance and Audit Act, 1983, the accompanying Financial Statements form a General Purpose Financial Report and have been prepared in accordance with applicable Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Urgent Issues Group (UIG) Interpretations to exhibit a true and fair view of the financial position and transactions of NPC. The Financial Statements also incorporate financial reporting requirements specified in the Public Finance and Audit Regulation 2005 and relevant Treasurer's Directions.

Proper accounts and records for all of NPC's operations have been kept as required under Section 41(1) of the Public Finance and Audit Act, 1983.

Cost is based on the fair value of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the Corporation.

The form of presentation of the Financial Statements has been on the basis of full accrual accounting using historical cost accounting conventions, except for certain items which, as noted, are at fair value. The accounting policies adopted are consistent with those of the previous year except where noted.

#### Standards issued but not adopted

The following standards have been issued but are not mandatory for the year ended 30 June 2008. Only those standards or guidelines relevant to the operations of NPC have been considered.

AASB123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123. The amendment is applicable to NPC from 1 July 2009 where the Corporation will capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction will be applicable to the Corporation from 1 July 2008. The Corporation already applies a limit to the carrying value of the overfunded State Superannuation schemes, therefore it is estimated that the financial effect will be limited.

AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. The amendment will be applicable to the Corporation from 1 July 2009

## Summary of significant accounting policies continued

and requires a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity. The amendment will not effect the amounts recognised in the financial statements.

AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amendment is applicable to the Corporation from 1 July 2008 and is limited to disclosure of information.

The adoption of these amended standards is not expected to cause any material financial impact on the results of the Corporation. When adopted the standards will mainly impact on the disclosure of information.

### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at bank, in trust and funds invested in the NSW Treasury Corporation Cash Hourglass facility with original maturity of three months or less. Bank deposits are shown at cost. Hourglass funds are at fair value.

For the purpose of the Cashflow Statement the amount of Cash and Cash Equivalents is reconciled in Note 6.

### (b) Property, plant and equipment

Property, plant and equipment is measured at fair value less accumulated depreciation. Fair value is determined by reference to NSW Treasury policy paper 'Valuation of Physical Non-current Assets at Fair Value' (TPP05-03).

Depreciation has been calculated on depreciable assets, using rates estimated to write off the assets over their remaining economic lives on a straight line basis. Land and reclamation assets have been treated as non-depreciable.

Straight line depreciation rates used for each class of fixed assets are in the following ranges:

Buildings	2-7 %
Roads	5-9 %
Wharves and jetties	3-8 %
Breakwaters	1 %
Plant	5-85 %

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

All capital expenditure on land, reclamations, buildings, workshops, roadways, wharves, jetties and breakwaters, and plant of \$100 or more are capitalised. Only those assets completed and ready for service are taken to Property, Plant and Equipment accounts. The remaining capital expenditures are carried forward as construction in progress but included in Property, Plant and Equipment in the Balance Sheet. When minor components of an asset are replaced to retain the service level of the asset the amount is expensed in the year incurred rather than capitalised.

### i) Revaluation

Material items of property, plant and equipment are subject to revaluations. Any revaluation surplus is credited to the revaluation reserve unless it reverses a revaluation decrease of the same asset previously recognised in the Income Statement. Any revaluation deficit is recognised in the Income Statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings.

### ii) Impairment

At the reporting date the Corporation assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Corporation makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Income Statement.

Recoverable amount is the greater of the fair value less costs to sell and value in use. It is determined for individual assets, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in Income Statement in the year the asset was derecognised.

## (c) Significant accounting judgements, estimates and assumptions

The Corporation has made the following judgments in preparing these financial statements:

For Profit – the Corporation is a 'for profit' entity.

The Corporation has made the following estimates and assumptions in preparing these financial statements:

i) Superannuation – various actuarial assumptions are required to quantify the net position of the defined benefits funds. These assumptions are disclosed in note 13.

ii) The classification and measurement of fair value of Investment Property is based on predetermined criteria as disclosed in note 11.

## Summary of significant accounting policies continued

### (d) Derivatives

The Corporation uses derivative financial instruments such as interest rate swaps and futures to hedge its risks against interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gain or loss from measuring the instrument at fair value is recognised immediately in the Income Statement.

### (e) Inventories

Inventories have been recorded at year end at the lower of cost and net realisable value. Consumption is charged on issue at the weighted cost of each stock line. A perpetual inventory system is adopted and is supported by annual stocktakes. The extent of stock deterioration and obsolescence is also reviewed regularly. Stock write-downs as a result of stocktakes and obsolescence are charged directly to operating expenses.

Net realisable value is the estimated selling price due to cessation of consumption in operations.

### (f) Provisions

Provisions are recognised when a present obligation exists as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material then provisions are determined by discounting the expected future cashflows at a pre tax rate based on market assessments and the risks specific to the provision. When discounting is used the increase in the provision due to the passage of time is recognised as an expense.

### (g) Employee benefits

#### i) Wages, salary, annual leave and sick leave

NPC provide fully for all employee entitlements. Wages, salary and annual leave expected to be settled within 12 months of the year-end are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### ii) Long service leave

Long service leave is provided based on the present value of estimated future cash outflows to be made in respect to services provided by employees up to the reporting date. The provision incorporates future increases in wages, on-costs and a history of staff turnover. A national government bond rate matching as closely as possible the terms to maturity of the related future cashflows is used to calculate the present value of expected future payments.

#### iii) Pension and other post employment benefits

The Corporation provides contributions to both accumulation funds and defined benefits funds. The cost of providing benefits under the defined benefits funds is determined for each plan using the projected

unit credit actuarial valuation method. The over or underfunded position of the defined benefit funds is recognised in the balance sheet and actuarial gains or losses are recognised in the Income Statement in the year they occur.

### (h) Assets

The assets of NPC are unencumbered.

### (i) Leases

Leases of plant and equipment are classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

### (j) Rounding amounts to nearest \$000

In the financial statements, all amounts are rounded to the nearest thousand dollars, except for auditors' and directors' remuneration.

### (k) Income tax equivalents

The Tax Equivalent regime requires NPC to make tax equivalent payments to the NSW Government's Consolidated Fund and involves income tax and capital gains tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### (l) Dividends

Allowance is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

### (m) Interest bearing borrowings

Borrowings are measured using the effective interest method. Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Subsequently, the difference between the debt's long term face value and the non-current value shown in the Balance Sheet is taken up as a discount on borrowings. The discount will be amortised over the life of the loans.



## Summary of significant accounting policies continued

### (n) Finance costs

Finance costs are recognised as an expense when incurred.

### (o) Trade receivables

Trade receivables are generally settled within 15 days and are carried at amounts due less a Provision for impairment where there is objective evidence that the Corporation will not be able to collect the debt following thorough investigation and exhaustion of recovery processes. Bad debts are written off against the Provision for Impairment. A review was carried out during the year to determine the adequacy of the level of the Provision for Impairment. The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

### (p) Trade payables

Trade payables including accruals not yet billed, are recognised when the Corporation becomes obliged to make future payments as a result of purchase of assets or services. Trade accounts payable are generally settled within 30 days.

### (q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and that revenue can be reliably measured as follows:

Charges on vessels – navigation revenue is recognised and accrued after completion of the inward vessel movement.

Charges on vessels – pilotage revenue is generally recognised on departure however the inward movement is accrued if it occurred prior to year end.

Berth Charges – wharfage revenue is recognised when the vessel departs the berth however site occupation is recognised and accrued if it occurred prior to year end.

Rental income – revenue is recognised on a monthly basis in accordance with lease agreements.

Interest income – revenue is recognised as earned on a daily basis and not at maturity of the underlying investment.

Hourglass income – taken to income monthly based on the movement in the market value of the trust units held.

### (r) Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the Taxation Office it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense;

ii) for receivables and payables which are recognised inclusive of GST. GST payable to and recoverable from the Taxation Office is recognised as a payable and receivable respectively in the Balance Sheet; and

iii) the Cashflow Statement is inclusive of GST.

### (s) Segment information

The Corporation operates predominantly in one business segment, that being Port Management, and within one geographical segment, being Newcastle, NSW, Australia.

### (t) Investment properties

Investment properties are initially measured at cost. Subsequently, the investment properties are stated at fair value which reflects market conditions at the Balance Sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the Income Statement in the year in which they arise.

Investment properties are classified as such where the Property is held for rental or appreciation in value.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the Income Statement in the year of derecognition.

### (u) Intangible assets

Intangible assets are limited to computer software. On acquisition they are capitalised at cost which equates to fair value. The computer software will have a finite life. Amortisation is to be charged to the Income Statement based on the finite life of the asset. Intangible assets will be tested for impairment where an indicator of impairment exists and useful lives will be assessed on an annual basis.

### (v) Contributed equity

Shares issued to the Voting Shareholders in accordance with the requirements of the State Owned Corporations Act 1989 are classified as equity.

### (w) Capital risk management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so as to continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return of capital to shareholders or sell assets to reduce debt.

The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as Borrowings as shown in the Balance Sheet. Total capital is calculated as Equity as shown in the Balance Sheet plus net debt.

		2008	2007
	Note	\$000	\$000
<b>2. Revenue</b>			
<b>Port management</b>			
Charges on vessels		33,408	31,259
Berth services		8,093	8,034
		<u>41,501</u>	<u>39,293</u>
<b>3. Other income</b>			
Non port related lease		2,576	2,405
Fair value adjustment to investment property	11	220	5,661
Other		1,358	1,477
		<u>4,154</u>	<u>9,543</u>
<b>4. Expenses</b>			
Employee benefits			
– Salaries, wages and related costs		12,092	11,078
– Superannuation expense	13	1,068	976
Depreciation and amortisation	10, 11	2,612	2,540
Finance costs		2,085	2,099
Repairs and services		10,537	10,407
Administration		6,848	5,890
Consultants		48	61
Net loss on disposal of property, plant & equipment	10	131	63
Other		686	1,705
		<u>36,107</u>	<u>34,819</u>

	2008	2007
	\$000	\$000
<b>5. Income tax equivalent</b>		
<b>Income tax expense</b>		
Current tax	3,579	3,356
Deferred tax	425	1,738
Income tax expense	<u>4,004</u>	<u>5,094</u>
<b>Deferred tax</b>		
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	(29)	(140)
(Decrease) increase in deferred tax liabilities	454	1,878
	<u>425</u>	<u>1,738</u>
<b>Deferred tax asset</b>		
Non allowable depreciation	182	317
Pooled infrastructure items	1,498	1,438
Leave entitlements	1,589	1,472
Sundry accruals	3	16
	<u>3,272</u>	<u>3,243</u>
<b>Deferred tax liability</b>		
Depreciation and revalued property	19,893	19,374
T Corp unrealised gain	54	5
Overfunded superannuation	695	788
Accrued trading income	42	63
	<u>20,684</u>	<u>20,230</u>
<b>Net deferred tax liability position for disclosure in Balance Sheet</b>	<u>17,412</u>	<u>16,987</u>

	2008 \$000	2007 \$000
<b>5. Income tax equivalent continued...</b>		
<b>The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:</b>		
Profit before tax equivalents	12,468	16,623
Prima facie tax thereon at 30%	3,740	4,987
Add tax effect of items with differential accounting / tax treatment:		
Non deductible expenses / (assessable income)	71	(8)
(Deductible depreciation) / not deductible depreciation	193	115
Total income tax expense attributable to operating profit	4,004	5,094
<b>Movement in Income tax equivalent payable</b>		
Balance at the beginning of the financial year	735	643
Charge to expense	3,579	3,356
Payments	(3,429)	(3,264)
Balance at the end of the financial year	885	735

	2008 \$000	2007 \$000
<b>6. Cash and cash equivalents</b>		
Cash assets consist of:		
Cash on hand	3	3
Cash at bank	1,949	582
T Corp Hourglass Facility Trust	42,987	44,269
	44,939	44,854
Cash assets at both 30 June 2008 and 30 June 2007 are very short term, hence market value approximates cost.		
(a) Net fair value		
The Corporation considers the carrying amount of cash assets approximate their net fair values.		
(b) Significant terms and conditions		
There are no significant terms and conditions relating to cash assets.		
(c) Credit risk		
Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.		

	2008	2007
	\$000	\$000
<b>7. Trade and other receivables</b>		
Trade receivables	3,373	1,309
Accrued income	425	555
Prepayments	749	613
Other receivables	568	1,278
	<b>5,115</b>	<b>3,755</b>

(a) Net fair value

The Corporation considers the carrying amount of debtors approximate their net fair value.

(b) Significant terms and conditions

Trade receivables are required to be settled within 7 days.

(c) Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in note 26.

**8. Inventories**

Consumable store items – at cost	115	101
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Reviews of all store items have been carried out during the year ended 30 June 2008 to determine stock obsolescence and stock on hand adjustments. Stores are valued at the lower of cost and net realisable value.

	2008	2007
	\$000	\$000
<b>9. Derivative financial instruments</b>		
Derivative financial instruments	35	–

The nature of Newcastle Port Corporation's business gives rise to gaps in maturity of its cashflows and to exposures arising from possible changes in the repricing of financial positions upon their maturity. The Corporation has identified the risks that arise from such gaps and exposures and has established policies to prudentially monitor and limit those risks. In managing such risks, the Corporation uses derivative financial instruments.

A derivative financial instrument is a contract or agreement whose value is derived from the value of the underlying instrument, reference rate or index. Derivative financial instruments are used to alter and modify the natural risks inherent in the Balance Sheet.

The Corporation uses futures contracts and interest rate swaps to hedge financial exposures arising from its borrowing portfolio thereby limiting the risk that changes in interest rates will adversely affect profit.

There was no fair value gain or loss required to be brought to account at the end of either financial year. Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

**Outstanding sold futures position**

	Delivery month	Contracts sold	Contracts bought	2008 Value \$000
3 year bond futures	Sept 2008	–	6	600
10 year bond futures	Sept 2008	–	20	2,000
90 day bill futures	Dec 2008	13	–	(13,000)
				<b>(10,400)</b>



	2008 \$000	2007 \$000
<b>10. Property, plant and equipment</b>		
Property, plant and equipment at fair value	69,388	68,290
Accumulated depreciation	(12,753)	(11,091)
Construction in progress	7,841	1,464
	<u>64,476</u>	<u>58,663</u>
<b>Land and buildings</b>		
At fair value	12,459	12,546
Accumulated depreciation	(582)	(477)
Net carrying amount	<u>11,877</u>	<u>12,069</u>
<b>Roads</b>		
At fair value	2,030	2,030
Accumulated depreciation	(472)	(367)
Net carrying amount	<u>1,558</u>	<u>1,663</u>
<b>Wharves and jetties</b>		
At fair value	23,939	22,797
Accumulated depreciation	(3,854)	(2,912)
Net carrying amount	<u>20,085</u>	<u>19,885</u>
<b>Breakwaters</b>		
At fair value	14,979	14,979
Accumulated depreciation	(612)	(462)
Net carrying amount	<u>14,367</u>	<u>14,517</u>

	2008 \$000	2007 \$000
<b>Plant</b>		
At fair value	15,981	15,938
Accumulated depreciation	(7,233)	(6,873)
Net carrying amount	<u>8,748</u>	<u>9,065</u>
<b>Total net carrying amount of property, plant and equipment in operation</b>	<u>56,635</u>	<u>57,199</u>
<b>Construction in progress</b>		
Buildings	4,254	–
Wharves & jetties	3,377	1,138
Plant	210	326
	<u>7,841</u>	<u>1,464</u>
<b>Disposals</b>		
Proceeds from sale	181	143
Written down value	(312)	(206)
Net amount included in the Income Statement	<u>(131)</u>	<u>(63)</u>

# **10. Property, plant and equipment continued**

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

## **30 June 2008**

	Land and buildings	Roads	Wharves & jetties	Breakwaters	Plant	Construction in progress	Total
Carrying amount at start of year	12,069	1,663	19,885	14,517	9,065	1,463	58,663
Additions	-	-	-	-	-	8,592	8,592
Disposals	(71)	-	(26)	-	(216)	(28)	(341)
Transfer to asset register	-	-	1,172	-	1,015	(2,187)	-
Depreciation expense	(121)	(105)	(946)	(150)	(1,116)	-	(2,438)
Carrying amount at end of year	11,877	1,558	20,085	14,367	8,748	7,841	64,476

## **30 June 2007**

	Land and buildings	Roads	Wharves & jetties	Breakwaters	Plant	Construction in progress	Total
Carrying amount at start of year	12,191	1,608	20,851	14,667	9,767	119	59,203
Additions	-	-	-	-	-	2,069	2,069
Disposals	-	-	(23)	-	(183)	(36)	(242)
Transfer to asset register	-	146	-	-	542	(689)	-
Depreciation expense	(122)	(91)	(943)	(150)	(1,061)	-	(2,367)
Carrying amount at end of year	12,069	1,663	19,885	14,517	9,065	1,463	58,663

#### 10. Property, plant and equipment continued

Land and buildings, roads, wharves and jetties, breakwaters and major items of plant were revalued as at 1 June 2004.

The valuation is considered appropriate for determining the carrying value for the year ended 30 June 2008. Assets acquired since 1 June 2004 have been recorded at cost which is deemed fair value. The revaluation covered 96% of the book value of assets in all classes. Assets deemed immaterial and not subject to revaluation were recognised at fair value based on the carrying value as at 1 June 2004 projected to 30 June 2004. As in the prior year they are classified as fair value.

Breakwaters were revalued by management while the independent review of plant was basically limited to floating plant and major land based navigation aids.

Other buildings, roads, wharves and jetties and major navigation aids were valued by F Julier AAPI Certified Registered Valuer of the Rushton Group. Floating plant was valued by R Behan, Naval Architect, of Marine Matters Pty Ltd through the Rushton Group.

The Physical Non-Current Assets are valued at fair value in accordance with Australian Accounting Standard AASB 116 'Fair value' is defined as 'the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction'. Additional guidance regarding implementation of the principles of AASB 116 in the Public sector was gained from the New South Wales Treasury paper 'Accounting policy: Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1)'.

Carrying amounts if property, plant and equipment were stated at cost:

	2008	2007
	\$000	\$000
Cost	61,611	54,136
Accumulated depreciation	(11,115)	(9,854)
Net carrying amount	50,496	44,282

#### 11. Investment property

	2008	2007
	\$000	\$000
Investment property – at fair value	60,037	59,790
Movement in investment property at fair value		
Opening balance at the beginning of the year	59,790	54,129
Additions	27	–
Gain / (loss) from fair value adjustments of opening balances	220	5,661
Closing balance at the end of the year	60,037	59,790

##### (a) Basis of valuation

Investment properties are stated at fair value.

Land and buildings were valued by M Henley Registered Valuer No 1710 of the NSW Department of Lands in June 2008.

Other Investment Property was valued by F Julier AAPI Certified Registered Valuer of the Rushton Group in June 2004 and is deemed current given the maintenance regime since that time.

Fair value is based on the New South Wales Treasury paper 'Accounting policy: Valuation of Physical Non-Current Assets at Fair Value (TPP 07-1)'.

In determining the fair value of the Corporation's Investment Properties, the Directors considered the above independent valuations together with the discounted cash flows arising from Investment Properties which are leased under long term agreements.

##### (b) Transfer of Port Related Land

In December 2007 the NSW Government Budget Committee of Cabinet (BCC) endorsed the principle that to facilitate the growth of the port, Newcastle Port Corporation should own and/or manage port related land in the port of Newcastle.

BCC approved the transfer of ownership of 470 hectares of land at the port from several State Government agencies to Newcastle Port Corporation.

As at 30 June 2008 no transfer of ownership or responsibility had occurred. The formal transfer of ownership will occur during the year ended 30 June 2009.

	2008 \$000	2007 \$000
<b>11. Investment property continued...</b>		
<b>(c) Amounts recognised in the Income Statement for investment property</b>		
Rental income	6,581	6,206
Direct operating expenses from property that generated rental income	(2,003)	(2,493)
Direct operating expenses from property that did not generate rental income	(146)	(266)
<b>(d) Leasing arrangements</b>		
Lease payments receivable at balance date (inclusive of GST)	40,326	37,062
Minimum future lease payments not recognised in the financial statements receivable from non-cancellable operating leases are as follows:		
Not later than one year	5,899	4,739
Later than one and not later than five years	19,870	17,114
Later than five years	14,557	15,209
Lease income consists of a combination of base and throughput rents.		
<b>12. Intangible assets</b>		
At fair value	1,193	1,237
Accumulated amortisation	(918)	(828)
Net carrying value	275	409
Intangible assets consist of computer software which have a defined economic life of 5 years.		
Reconciliation of the net carrying amounts of intangible assets at the beginning and end of the current and previous financial year are set out below:		
Carrying amount at start of year	409	560
Additions	40	22
Amortisation expense	(174)	(173)
Carrying amount at end of year	275	409

	2008 \$000	2007 \$000
<b>13. Post employment benefits</b>		
Overfunded defined benefits superannuation	2,318	2,672
Movement in overfunded superannuation		
Balance at the beginning of the financial year	2,627	2,925
Charge to expense	(309)	(298)
Balance at the end of the financial year	2,318	2,627

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)

State Superannuation Scheme (SSS)

State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefits schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All schemes are closed to new members.

The Corporation provided no employer contributions to the funds during the year due to a Trustee approved 'funding holiday'.

	2008			2007
	SASS \$000	SANCS \$000	SSS \$000	Total \$000
Present value of obligations	(9,742)	(1,508)	(14,634)	(26,516)
Fair value of plan assets	11,150	1,952	26,896	43,846
Surplus	1,408	444	12,262	17,330
Surplus in excess of recovery available	(1,177)	(371)	(10,248)	(14,703)
Net asset for disclosure	231	73	2,014	2,627



	2008	2007
	\$000	\$000
<b>13. Post employment benefits continued...</b>		
<b>Defined benefits fund expense</b>		
Current service cost	457	455
Interest on obligation	1,646	1,446
Expected return on plan assets	(3,383)	(2,925)
Net actuarial loss / (gains) recognised in the year	4,496	(2,314)
Change in surplus in excess of recovery available	(2,907)	3,636
	309	298
Accumulation fund contributions	759	678
Expensed to the income statement	1,068	976

	2007	2006
	%	%
<b>Fair value of plan assets consists of:</b>		
Australian equities	32	34
Overseas equities	25	26
Australian fixed interest securities	7	7
Overseas fixed interest securities	8	6
Property	11	10
Cash	6	10
Other	11	7
	100	100

a) Valuation method

The projected unit credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic assumptions

	June
	2008
Discount rate	6.55%
Expected return on plan assets	8.3%
Expected salary increases	3.5%
Expected CPI increase	2.5%

		2008	2007
	Note	\$000	\$000
<b>14. Trade and other payables</b>			
Payables comprise:			
Trade payables		3,725	2,751
Accrued financial expenses		588	649
Port cargo access charge	(a)	490	259
Accrued salaries and wages		596	544
Harbour deepening account		–	14
Other payables and accruals		1,842	1,557
Annual leave	(e)	1,198	1,136
Dividend		4,659	3,808
		13,098	10,718

(a) Relates to the port cargo access charge collected, on behalf of the Consolidated Fund from port users, but not yet remitted. A management fee is retained by NPC.

(b) Net fair values

The Corporation considers the carrying amounts of trade and other accounts payable approximate their net fair values.

(c) Significant terms and conditions

Trade accounts payable are generally settled in 30 days.

(d) Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

(e) Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave. The entire obligation is presented as current since the Corporation does not have an unconditional right to defer settlement. However, based on past experience the Corporation does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

Annual leave obligation expected to be taken after 12 months	277	297
--------------------------------------------------------------	-----	-----

	Note	2008 \$000		2007 \$000	
15. Provisions		Current	Non-current	Current	Non-current
Long service leave	(a)	<u>3,812</u>	<u>289</u>	<u>3,558</u>	<u>214</u>
Movement in Provisions		<u>Total</u>		<u>Total</u>	
Balance at the beginning of the financial year		<u>3,772</u>		<u>3,387</u>	
Arising during the year		<u>523</u>		<u>476</u>	
Utilised		<u>(194)</u>		<u>(91)</u>	
Balance at the end of the financial year		<u>4,101</u>		<u>3,772</u>	

(a) Long service leave:

The amount provided which relates to employees with service less than the qualifying period is disclosed as non current as there is no legal obligation to pay within 12 months.

	2008 \$000	2007 \$000
16. Interest bearing borrowings		
NSW Treasury Corp borrowings	<u>30,851</u>	<u>30,829</u>

**Classification of liability**

Non-current – Face value	31,442		
– Discount on purchase	<u>(591)</u>	<u>30,851</u>	<u>30,829</u>

(a) Significant terms and conditions

Borrowings consist of NSW Treasury Corporation floating and fixed rate loans. NSW Treasury Corporation loans are based upon instalment payments of interest only and repayment or rollover of principal at maturity. All borrowings are secured by Government Guarantee.

(b) Maturity profile of the borrowings is disclosed in note 26.

(c) Details regarding credit risk, liquidity risk and market risk arising from financial instruments are further disclosed in note 26.

	2008	2007
Note	\$000	\$000

## 17. Share capital

Ordinary share capital	<b>62,282</b>	62,282
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The State Owned Corporations Act 1989 (as amended) requires the Corporation to have two voting shareholders. As at 30 June 2008 they were the Treasurer, Mr M Costa, and one other Minister, being the Minister for Finance, Mr J Watkins. Each shareholder must at all times have an equal share in the equity of the Corporation. As at 30 June 2008 each shareholder held a \$1 share.

There has been no movement in share capital during the year.

### Capital risk management

During the year the Corporations strategy, unchanged from 2007, was to maintain a gearing ratio within investment grade. The gearing ratio as at year end was as follows:

Total borrowings	16	<b>30,851</b>	30,829
Total equity		<b>110,963</b>	107,158
Total capital		<b>141,814</b>	137,987
Gearing ratio		<b>22%</b>	22%

## 18. Reserves

Asset revaluation reserve	<b>10,932</b>	10,932
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## 19. Retained profits

Balance at the beginning of the financial year	<b>33,944</b>	26,223
Net profit	<b>8,464</b>	11,529
Dividend provided for or paid	<b>(4,659)</b>	(3,808)
Balance at the end of the financial year	<b>37,749</b>	33,944

## 20. Contingent assets and contingent liabilities

No contingent assets or contingent liabilities were in existence as at 30 June 2008.  
(2007 – \$Nil )

	2008	2007
	\$000	\$000

## 21. Commitments

### Capital expenditure

Forward obligations of NPC under major contracts committed as at 30 June 2008 but not otherwise brought to account have been assessed as follows (GST inclusive):

Within one year	<b>148</b>	97
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### Operating leases

Minimum future lease payments payable for non-cancellable operating leases are as follows:

Not later than one year	<b>54</b>	8
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## 22. Events after the balance sheet date

On 11 July 2008 Newcastle Port Corporation, Azurra Marine and Sensation Yachts entered into a Deed of Assignment of Lease for Azurra Marine to assume Sensation Yachts' lease of the Fitzroy Street facility. The existing lease terms and conditions will apply to Azurra. There is no direct financial impact of the assignment to disclose.

Certain portions of land currently owned by the State Property Authority, Rail Infrastructure Corporation, Department of Lands and Waterways Authority are to be transferred to the Corporation. At the date of presenting these financial statements this transfer has not occurred and any financial impact of this event is unknown.

## 23. Remuneration of Auditors

Fees paid to the Audit Office of NSW for services provided in accordance with the Public Finance and Audit Act. (PricewaterhouseCoopers are agent of the Audit Office).	<b>64,000</b>	68,000
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Non audit services provided by PricewaterhouseCoopers paid or payable in relation to the financial year.	–	129,900
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## 24. Director and Executive disclosure

Details of key management personnel during the financial year.

### i) Directors

Wilton Ainsworth	Chairman – ceased 3 December 2007
Paul Jeans	Director / Acting Chairman / Chairman – commenced chair 29 May 2008
Allan McKeown	Director – ceased 29 May 2008
Gaye Hart	Director – ceased 3 December 2007
Mark Sargent	Director
Michelle McPherson	Director – commenced 21 April 2008
John Carter	Director – commenced 15 May 2008
Neil Pearson	Staff Director
Gary Webb	Chief Executive Officer

### ii) Executives

Ron Sorensen	General Manager – Operations
David Callaghan	General Manager – Finance and Corporate Services
Annette Woods	General Manager – Planning and Development
Mark Newton	General Manager – Business Development – ceased 16 May 2008
Mike Baudinette	General Manager – Business Development – commenced 18 June 2008
Michael Dowzer	General Manager – Strategic Planning and Governance

Details of compensation paid to key management personnel during the financial year:

	2008 \$	2007 \$
i) Total remuneration to key management personnel	1,376,614	1,215,105

- ii) Remuneration paid to Directors is in accordance with rates determined by the Premier's Office. Remuneration paid to the CEO and Executives is determined by the Corporation's Remuneration Committee. Key management personnel received no loans nor any other benefits during the year.

## 25. Notes to the Cashflow Statement

### Reconciliation of profit from ordinary activities after income tax equivalents to net cash flows from operating activities.

	2008 \$000	2007 \$000
Profit from ordinary activities after income tax equivalent	8,464	11,529
Depreciation and amortisation	2,612	2,540
Gain on fair value of investment property	(220)	(5,661)
Write-off opening construction in progress	28	36
(Profit) / loss on sale of non current assets	131	63
	11,015	8,507

### Changes in assets and liabilities

(Increase) / decrease in trade and other receivables	(1,396)	(911)
(Increase) / decrease in inventories	(14)	(51)
(Increase) / decrease in post employment benefits	308	299
(Decrease) / increase in trade and other payables	1,244	2,781
(Decrease) / increase in borrowings	22	(15)
(Decrease) / increase in tax payable	150	92
(Decrease) / increase in deferred tax	425	1,738
(Decrease) / increase in leave provisions	391	510
Net cash from operating activities	12,145	12,950



## 26. Financial risk management

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporations operations or are required to finance the Corporations operations.

The Corporation does use derivative instruments to manage exposure to risk however does not use derivatives for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporations objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Financial risk management is provided by NSW Treasury Corporation (T Corp) under a set of policies approved by the Corporation's Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas including liquidity risk, interest rate risk, foreign exchange risk, commodity risk, permitted instruments and counterparty credit risk. Compliance with policies is reviewed by the Audit Committee on a continuous basis.

The Corporation manages debt and investments within the framework of the Public Authorities (Financial Arrangements) Act 1987.

### (a) Financial instruments held are as follows:

#### Financial asset

	Note	2008 \$000	2007 \$000
Cash	6	1,952	585
Trade receivables	7	3,373	1,309
Accrued income and other receivables	7	1,742	2,446
Cash – T Corp Hourglass facility	6	42,987	44,269
Derivative financial instruments	9	35	–
<b>Total financial assets</b>		<b>50,089</b>	<b>48,609</b>

	Note	2008 \$000	2007 \$000
<b>Financial liabilities</b>			
Trade and other payables	14	13,098	10,718
Borrowings	16	30,851	30,829
<b>Total financial liabilities</b>		<b>43,949</b>	<b>41,547</b>

### (b) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash and trade and other receivables. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than trade and other receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### Cash and cash equivalents

Cash comprises cash on hand and at bank with the Commonwealth Bank under the Government Banking division. Interest is earned on a daily bank balance basis and credited monthly. Deposits held in the NSW Treasury Corporation Cash Hourglass facility are guaranteed by the State of NSW and are AAA rated by Standard and Poors.

#### Trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Sound debt recovery procedures are established and followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Invoices are raised on 7 day terms. Interest may be charged on outstanding debt in accordance with the Ports and Maritime Administration Act.

## 26. Financial risk management continued...

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor, group of debtors or industry sector. Based on past experience, the Corporation has had limited exposure to impaired or bad debts. The majority of debts are paid within 15 days.

Major concentrations of credit risk that arose from the Corporation's receivables during the year in relation to the industry categories and location of the customers by the percentage of the total revenues from customers are:

	2008	2007
	%	%
Mining industry	73	76
Manufacturing industry	14	10
Agricultural industry	13	14
Asia	93	87
Australia	3	3
Other	4	10

Trade Receivables is the only financial asset that has individual transactions that are past due or impaired. The transactions relate to port charges or rent. A summary of past due or impaired debtors is as follows:

### Past due but not impaired

3 months overdue	430	191
3 months – 6 months overdue	246	7
6 months overdue	–	17

## (c) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holdings of high quality liquid assets.

The Corporation has Public Authorities Financial Arrangement Act approval of a borrowing limit of \$32m of which \$1.2m was unused as at 30 June 2008 (\$1.2m as at 30 June 2007). The Act has also provided approval of a bank overdraft facility limit of \$500,000 to fund working capital if required. Future material capital expenditure will be funded through T Corp borrowings following an increased borrowing limit approval from the PAFA. Future committed expenditure is disclosed in note 21.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services, whether or not invoiced. Amounts owing to suppliers are settled within trade terms. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

**26. Financial risk management continued...**

The table below outlines the maturity analysis and interest rate exposure of the Corporation's financial liabilities.

	Weighted average effective interest rate %	Non interest bearing \$000	Floating interest rate \$000	Fixed interest rate			Market Value \$000
				< 1 year \$000	>1 – <5 years \$000	Total contractual cash flow \$000	
<b>30 June 2008</b>							
Trade payables	–	3,725	–	–	–	–	–
Borrowings	6.33%	–	4,193	1,630	18,067	40,646	30,171
Total financial liabilities		3,725	4,193	1,630	18,067	40,646	30,171
<b>30 June 2007</b>							
Trade payables	–	2,751	–	–	–	–	–
Borrowings	6.47%	–	2,385	6,445	18,192	40,422	30,624
Total financial liabilities		2,751	2,385	6,445	18,192	40,422	30,624

## 26. Financial risk management continued...

### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Corporation's exposures to market risk are primarily through interest rate risk on the Corporation's borrowings and other price risks associated with the movement in the unit price of the T Corp Hourglass investment facility. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the table below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment. The sensitivity analysis is based on risk exposures in existence at 30 June 2008. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

#### Interest rate risk

Exposures to interest rate risk arises primarily through the Corporation's interest bearing liabilities. The risk is minimised by undertaking mainly fixed rate borrowings with T Corp. The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore for these financial instruments a change in interest rates would not effect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Corporation's exposure to interest rate risk is provided as follows:

	Carrying amount \$000	Profit +/- 100 basis points \$000	Equity +/- 100 basis points \$000
<b>30 June 2008</b>			
<b>Assets</b>			
Cash at bank	1,949	19	19
Derivative financial instruments	35	-	-
<b>Liabilities</b>			
Borrowings	30,851	1,000	1,000
<b>30 June 2007</b>			
<b>Assets</b>			
Cash at bank	582	6	6
<b>Liabilities</b>			
Borrowings	30,829	1,100	1,000



## 26. Financial risk management continued...

### Other price risk – NSW Treasury Corporation

Exposure to 'other price risk' arises through the investment in the T Corp Cash Hourglass facility, which is held for strategic rather than trading purposes. The Corporation has no direct equity investments.

Funds were held in the T Corp Cash Hourglass facility for the years ended 30 June 2008 and 30 June 2007. The Cash facility is categorised as Investment Sector and consists of cash and money market instruments. The investment horizon is up to 2 years.

The unit price of the facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for the facility. Unit prices are calculated and published daily.

T Corp as trustee for the facility is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, T Corp has appointed managers to manage the performance and risks of the facility in accordance with a mandate agreed by the parties. However, T Corp acts as manager for part of the Cash Hourglass facility. A significant portion of the administration of the facility is outsourced to an external custodian.

Investment in the T Corp Cash Hourglass facility limits the Corporation's exposure to risk, as it is relatively short term, however, allows diversification with different investment horizons and mix of investments.

T Corp provides sensitivity analysis information for the cash facility, using historically based volatility information. The T Corp Hourglass facility is designated at fair value through profit or loss and therefore any change in unit price impacts on profit rather than equity.

## (d) Market risk

The Corporation's exposure to price risk on the profit or loss is provided as follows:

	Carrying amount \$000	Profit +/- 100 basis points \$000
<b>30 June 2008</b>		
T Corp Hourglass cash facility	42,987	430
<b>30 June 2007</b>		
T Corp Hourglass cash facility	44,269	443

## (e) Fair value

Financial instruments are generally recognised at cost, with the exception of the T Corp Cash Hourglass facility which is measured at fair value. The facility is valued using the redemption pricing.

The Corporation considers the carrying amount of financial instruments approximate their net fair values.

END OF AUDITED FINANCIAL STATEMENTS

## statutory requirements



### Exemptions

The Treasurer has granted the Corporation exemptions from certain provisions of the *Annual Reports (Statutory Bodies) Act*.

The following matters are exempt but require report in a summarised form:

#### S41B(c) Financial Statements

- Preparation of Manufacturing and Trading Statements
- Material items of income and expenditure on a program or activity basis
- Summary Review of operations
- Management activities – Schedule 1 ARSBR
- Consultants – Schedule 1 ARSBR
- Consumer response – Schedule 1 ARSBR
- Risk Management – Schedule 1 ARSBR

The following matters are exempt as they are no longer required for performance assessment and accountability:

#### Schedule 1 Part 1

- Amounts set aside for renewal or replacement of fixed assets
- Amounts set aside to any provision for known commitments
- Amount appropriated for repayment of loans

#### Schedule 1 Part 3

- Schedule of outstanding public borrowing or other repayable advances
- Non-current asset value exceeds replacement costs
- Performance in Payment of Accounts – Schedule 1 ARSBR

The following items are exempt on a Commercial in Confidence basis:

- Budgets – outline and detail – S.7(1)(a)(iii)ARSBA/Schedule 1 ARSBR
- Significant Judicial Decisions – S.9(1)(f) ARSBA/Schedule 1 ARSBR
- Research and Development – Schedule 1 ARSBR
- Human Resources – Schedule 1 ARSBR
- Land Disposal – Schedule 1 ARSBR
- Investment Management Performance – Cl.12 ARSBR/TCG 1991/5
- Liability Management Performance – Cl.12 ARSBR/TCG 1991/5

## Corporate Governance

### Directors' Meetings

There were 12 meetings of the Newcastle Port Corporation's Board during the year. The number of meetings attended by each Director was:

P Jeans	12	(of 12)
J Carter	1	(of 1)
M McPherson	2	(of 2)
N Pearson	12	(of 12)
M Sargent	11	(of 12)
G Webb	12	(of 12)
W Ainsworth	5	(of 6)
G Hart	6	(of 6)
A McKeown	10	(of 11)

### Committees of the Board

#### Audit Committee

A McKeown	(Chair to May 2008)
M McPherson	(Chair from May 2008)
W Ainsworth	(Member to December 2007)
N Pearson	(Continuing Member)
P Jeans	(Member from May 2008)

The purpose of the Audit Committee is to provide Board oversight in relation to:

- reporting of financial information
- accounting policy and practice
- treasury financial management
- internal controls identified for supervision by the committee
- information technology systems
- project management systems
- compliance with applicable legislation, standards and best practice

### Safety, Health and Environment Committee

G Hart	(Chair to December 2007)
M Sargent	(Member to June 2008, Chair from June 2008)
P Jeans	(continuing Member and Chair December 2007 to May 2008)
J Carter	(Member from June 2008)

The purpose of the Safety, Health and Environment Committee is to provide Board oversight in relation to:

- occupational health and safety
- employee relations
- port safety
- port security
- environmental management and heritage
- monitoring systems adopted by management to ensure compliance

### Executive Management

Number of Executive Officers with remuneration equal to or exceeding equivalent of SES Level 1 End of Current Reporting Year	5
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Number of Executive Officers with remuneration equal to or exceeding equivalent of SES Level 1 End of Previous Reporting Year	5
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### Performance Statements – Senior Executives

Name	Gary Webb
Position	Chief Executive Officer
Total Remuneration Package	\$322,400
Period in Position	from 1 October 2004
Statement of Performance	Performance review assessed a very high level of satisfaction against identified performance tasks

At 30 June 2008 the Corporation had one female executive officer which corresponded to the previous year.

## Meeting Statutory and Compliance Requirements

Newcastle Port Corporation had no adverse audit, regulatory or legal findings during the year.

## Statement of Corporate Intent and Business Plan

Voting Shareholders and Board of Directors approved the annual Statement of Corporate Intent and 10 Year Business Plan.

The Business Plan provided for the planned funding for sustainable operations, including the maintenance and renewal of infrastructure used in service delivery.

## Risk Management System

Newcastle Port Corporation's risk management framework and tools were instrumental in the continued development of the Corporation's Business Continuity Plan, Disaster Recovery Plan and Information Security Management System.

The Risk Management System is proving adaptable and effective in identifying, assessing and treating various risks within the Corporation's operations. The risk register continues to be populated with assessed and controlled risks.

## Credit Card Use

Credit card use has been in accordance with the Premier's Memoranda and Treasurer's Directions.

## Funds Granted To Non-Government Community Organisations

In 2007-08 the Corporation committed the following funds in charitable donations and sponsorship for community organisations and events:

Organisation	Amount	Purpose
Newcastle Region Maritime Museum	\$70,000	Sponsorship of major exhibit at new maritime museum (community) (research)
Nobbys SLSC	\$16,500	Replacement of equipment damaged in June 2007 storms (community)
Newcastle Region Maritime Museum	\$15,000	Sponsorship of Maritime Festival on harbour (community)
Conservation Volunteers Australia	\$11,000	Removal of invasive bitou bush and native plant regeneration at Nobbys Beach (environment)

World Duathlon Corporation	\$10,000	Sponsorship of 2008 Oceania and Australian Duathlon (national championships)
Hunter Valley Research Foundation	\$8,000	Sponsorship of Foundation (research)
Mission to Seafarers	\$5,000	Donation (port welfare services)
Hunter Medical Research Institute	\$2,000	Top 200 Donation (medical research)
Dragons Abreast	\$1,700	Sponsorship of port group (community)
Mission Australia	\$500	Christmas Appeal (community)
Salvation Army	\$500	Christmas Appeal (community)
Samaritans Foundation	\$500	Christmas Appeal (community)
<b>Total</b>	<b>\$140,700</b>	

None of these items appeared on the Government Budget Papers.

## Subordinate Legislation

There were no departures from the Subordinate Legislation Act.

## Disclosure of Controlled Entities

The Corporation has no controlled entities.

## Freedom of Information

Newcastle Port Corporation is required to report annually on its administration of the applications it receives under the Freedom of Information Act 1989 (NSW). The following tables detail statistics required to be reported under the Act for the period 1 July to 30 June for the financial years 2006-07 and 2007-08.

During the reporting period, no requests were transferred to another organisation or agency. No requests were carried forward to the reporting period 2008-09.

No reviews were requested either internally, to the Ombudsman or to the District Court during the reporting period.

### FOI applications and applications determined

	Personal		Other		Total	
	06-07	07-08	06-07	07-08	06-07	07-08
New	0	0	0	5	0	5
Completed	0	0	0	5	0	5
Granted in full	0	0	0	1	N/A	1
Refused (Exempt)	N/A	N/A	N/A	0	N/A	0
Information sought not held	N/A	N/A	N/A	2	N/A	2
Total processed	N/A	N/A	N/A	5	N/A	5

### Days to process FOI applications

Time elapsed	Personal		Other	
	06-07	06-07	06-07	07-08
0-21 days	N/A	N/A	N/A	2
22-35 days	N/A	N/A	N/A	0
Over 35 days	N/A	N/A	N/A	3

### Processing time

Processing hours	Personal		Other	
	06-07	06-07	06-07	07-08
0-10 hours	N/A	N/A	N/A	4
11-20 hours	N/A	N/A	N/A	1
Greater than 20 hours	N/A	N/A	N/A	0

During the period no Ministerial Certificates were issued, no formal consultations requested, no amendments or notations to records made.

The Corporation's compliance with the Act did not raise any major issues in the reporting period, nor did compliance with the Act have any significant impact on Newcastle Port Corporation activities.

## Heritage

Newcastle Port Corporation has the responsibility for the maintenance of a range of heritage assets of state significance and the Corporation's Section 170 Heritage and Conservation Register is endorsed by the NSW Heritage Council. The Heritage Asset Management Plan outlines the strategy being applied to each of the assets to ensure compliance with heritage values and to progress the use of those assets which are of high public use value, critical to port operations or have characteristics which are compatible with renewed use. For some assets a controlled deterioration strategy has been applied to maintain the heritage value for an extended period.

During the year, the Corporation obtained Newcastle City Council and NSW Heritage Office approval to restore the boat sheds in the Pilot Station complex. Conservation management plans for the Nobbys Gun Emplacement/Observation Tower and the Hydraulic Powerhouse at Carrington were completed to allow restoration works. The Nobbys Gun Emplacement project was partially completed with further work planned in 2008-09.

Pursuant to Section 170A of the Heritage Act 1977, set out below is a statement of the condition of items contained in the Corporation's Heritage and Conservation Register.

Asset	Status	Condition Statement	Heritage Management Strategy
Pilot Station, Boat Harbour and Sheds	State Significance	Poor to Good	Restoration to reflect heritage values and port operation requirements
Nobbys Grounds Nobbys Head Bunker Nobbys Head Foghorn Siren Nobbys Lighthouse Cottages Nobbys Signal Station	State Significance	Poor to Good	Progressing development application to reflect heritage values and provide greater public access
Macquarie Pier, Stone Steps, Sandstone Wall	State Significance	Good	Maintained to reflect heritage values of a high public use area
Southern Breakwater	State Significance	Good	Maintenance consistent with port operation requirements
Hydraulic Power House, Carrington	State Significance	Poor	Restoration to reflect compatible heritage values and adapt to achieve renewed use
Submarine Trap and Gun Emplacement (Pilot Station)	State Significance	Poor	Restoration to reflect heritage value
Nobbys Gun Emplacement and Observation Tower	State Significance	Poor	Restoration to reflect heritage value of an asset adjacent to high public use area
Foundation for Gun Emplacement (Macquarie Pier)	State Significance	Good	Reassessing heritage status



Asset	Status	Condition Statement	Heritage Management Strategy
Newcomen Street office building façade	Façade of local significance	Good	Maintained to ensure value of commercial asset
Northern Breakwater (including <i>Adolphe</i> Wreck Observation Deck)	Local	Good	Maintenance consistent with port operation requirements
Morison & Bearby Building	Local	Good	Maintained to ensure value of commercial asset
Hydraulic Crane Bases 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12a, 13, 13a, 14, 15,	Local	Fair	Controlled deterioration
Dyke 3 Coal Loader Base	Local	Fair	Controlled deterioration
Snakepit Slipway	Local	Fair	Controlled deterioration
Basin Warehouse (Façade on Hill Street elevation only)	Local	Good	Maintained to ensure value of commercial asset
Navigational Markers of Rear Main Lead Tower		Good	Maintenance consistent with port operation requirements
Dyke Point Landform		Good	Maintenance consistent with port operation requirements
Dyke Point Former Building Berths		Poor	Controlled deterioration
Dyke Point Dockyard Fitting Out Wharf Crane Base		Poor	Controlled deterioration
Dyke Point Timber Bollards		Poor	Controlled deterioration
Dyke Point Dorman Long Structural Frames		Good	Adapted built environment to achieve renewed use
Collection of Moveable Items		Good	Maintained to reflect heritage values
• Artefacts, Documents and Drawings			
• McLarty Centre Building Plaque			
• Dyke Point Machine Shop Cranes Isolator			
• Dyke Point Pneumatic Press			
• Dyke Point Blacksmith Anvil			
• Dyke Point Electronic Token Board			
• Newcastle Harbour Fog Bells			
• State Dockyard Establishment Plaque and Sandstone Foundation Stone			
• Pilot Station Historical Instruments			
• Dyke Point Concrete Shaped Barrels			

## Economic or Other Factors Affecting Achievement of Operational Objectives

Trade through the Port of Newcastle totalled 93.31 million tonnes in 2007–08, an increase of 7.7 million tonnes on 2006–07 figures. Total value of trade throughput was \$10.3 billion. Continued strong demand for thermal coal, particularly from the Asian region, resulted in a record 88.88 million tonnes of coal export.

Drought conditions in rural NSW impacted on grain movements with no exports being recorded during the year compared to nearly 793,000 tonnes in 2006–07 and 1.4 million tonnes in 2005–06.

## Energy Management

Under its Environmental Management System the Corporation is introducing an Energy Action Plan which aims to be pro-active in reducing annual energy consumption costs and improving efficiency. The Action Plan was developed during the early part of 2008 and will incorporate improving employee awareness about energy consumption, collecting data about energy use, installing energy efficient lights where possible and switching off computers at close of business.

## Equal Employment Opportunities

EEO principles are included in the Corporation agreements and policies. Mechanisms are also in place to ensure timely, effective and confidential resolution of workplace grievances.

The percentages of staff in defined EEO groups are as follows:

EEO Group	% of total staff					
	Benchmark or Target	03–04	04–05	05–06	06–07	07–08
Women	50	13	14	16	19	18
Aboriginal people and Torres Strait Islanders	2	0	0	0	0	0
People with a disability	12	5	5	5	5	5

A number of the Corporation's practices support equal opportunity for all employees, including women and employees from non English speaking backgrounds. These include flexible hours of work, family and special leave, part-time work, study assistance and support to attend training.

### Outcomes achieved in 2007–08 include:

- an assessment of organisation health including a comparison of the percentage of female and part-time employees compared to the NSW Public Sector and the Policy Sector
- investigation of ageing workforce issues
- staff consultations to address perceptions of double standards
- regular Consultative Committee meetings held and outcomes communicated to staff
- broader staff representation on project teams

### Outcomes targeted for 2008–09 include:

- staff focus groups to obtain qualitative input from staff on workplace issues
- recognition of service, academic, professional and community achievements by staff
- establishment of a schedule for review of all Human Resource policies
- review of recruitment advertising
- introduction of values based staff selection criteria
- review of recruitment and selection policy and procedures consistent with good practice recommendations
- provision of strategic advice and assistance in relation to EEO and other Human resources issues

### Code of Conduct

The Corporation's *Code of Conduct and Ethics* describes the standard of behaviour and ethical requirements expected by all employees in the performance of daily business. All employees are advised of their obligations under the *Code of Conduct and Ethics* during induction. During the year, the Corporation hosted a visit from the Independent Commission against Corruption and subsequently provided an update to management on the *Code of Conduct and Ethics Policy*, the *Fraud and Corruption Prevention Policy*, and the *Protected Disclosures Policy*.

### Status Report on Ethnic Affairs Priority Statement

The Corporation has an Ethnic Affairs Priority Statement which it continues to implement. The Corporation abides by the *NSW Charter of Principles for a Culturally Diverse Society*. Current initiatives include:

- maintenance of signs and notices around the port to ensure the safety of the general public
- sponsorship of Missions to Seafarers which provides services to crew of visiting international vessels
- ongoing inclusion of cultural diversity principles in all position descriptions
- merit based recruitment practices
- provision of Employee Assistance Program, which includes interpreter services
- working arrangements that accommodate cultural and religious differences through provision of cultural and religious holidays
- incorporation of non-discrimination clauses in agreements

It is relevant and appropriate that the Corporation continues to support cultural diversity in 2008–09.

### Occupational Health & Safety

In 2007–08 the Corporation had one lost time injury compared to four the previous year. The Corporation was not subject to any prosecution under the *Occupational Health & Safety Act 2000*.

### Waste Reduction and Purchasing Policy (WRAPP)

The Corporation continued its policy of purchasing electronic workstations with capability of double-sided printing to reduce consumption of paper stock. An internal review found the Corporation to be efficient in recycling but employees were advised to continue their diligence in recycling items such as toner cartridges, newspapers and waste paper.

Recycling bins for waste paper are emptied daily by cleaning contractors and forwarded to recyclers while Summer Hill Waste Management Centre continues to be utilised for green waste.

### Consultants

The Corporation spent \$48,000 on consultants during the year.

## Promotion – Publications

In 2007-08 the following publications and other information was made available to the public dealing with functions and activities of the Corporation:

- Annual Report 2006-07
- Business Information advertisement (monthly)
- Community Information advertisement (monthly)
- Newsletter (bi-monthly)
- Corporate brochure
- Information sheet about the port
- Newcastle Port Corporation website
- Tide Chart and Information Handbook
- Guarantee of Service Statement

## Overseas Visits

The CEO was a member of the NSW Premier's Mission which participated in the 22nd Guangdong-New South Wales Joint Economic Meeting in Guangzhou, China in May.

## Guarantee of Service

The Newcastle Port Corporation has in place a Guarantee of Service that provides guidelines and service standard commitments. The published statement lists the categories of the Corporation's customers, the Services/Assets provided by the Corporation and the measurements of service standards. Operational service and assets are available 24 hours per day, 7 days per week. The head office operates between 8.30 am and 5.00 pm weekdays.

Pilots, vessel traffic management, emergency response and communications are available 24 hours per day, 7 days a week.

## Annual Report

A total of 200 hard copies of the 2007-08 Annual Report have been printed. A copy of the Annual Report is available on the Corporation's website at [www.newportcorp.com.au](http://www.newportcorp.com.au)  
Total external costs incurred in the production of the report are \$23,598.





The logo of the Newcastle Port Corporation reflects the Corporation's aims of efficiency and international competitiveness. The combination of features promotes Newcastle as a global port that is innovative, market focussed and world competitive.

Nobbys headland is dominant in the logo as it is the Port of Newcastle's most recognisable and prominent feature. The multiple horizontal lines represent the diversity of the Corporation.

The diamond shape represents the 'four corners of the world' with the triangle indicating a strong future direction. The triangle is also representative of navigational aids used in the port.

The colours of turquoise blue and bronze reflect our environmental elements.

The overall design represents the strength, efficiency, value and reliability of the Port of Newcastle – a leader in port management and a pacesetter for other ports.

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Newcastle Port Corporation's positioning statement *Delivering Opportunity* strongly focusses on the promise of benefit for current and future customers, businesses and the community.

*Delivering Opportunity* reflects a port that is creating opportunity for local, national and international businesses. This includes existing port customers, prospective port customers, regional organisations, government bodies and suppliers to the Newcastle Port Corporation.

Short, punchy and to the point, the statement co-incides with record trade throughput for the Port of Newcastle which continues to grow and diversify.

The port is an economic powerhouse for not only the Hunter Region but also New South Wales, and *Delivering Opportunity* is designed to challenge the Newcastle Port Corporation to build its international reputation and to secure a sustainable future.

Newcastle Port Corporation has a sound, long-term strategy that guides its decision making. In delivering opportunity, the Corporation is making prudent use of public assets to encourage investment that benefits the Hunter Region.



Newcastle Port Corporation  
Newcomen Street  
PO Box 663  
Newcastle NSW 2300  
Australia

Phone: (02) 4985 8222  
International Phone: 61 2 4985 8222  
Toll Free: 1800 048 205 (NSW)  
Facsimile: (02) 4926 4596  
International Facsimile: 61 2 4926 4596

Internet: [www.newportcorp.com.au](http://www.newportcorp.com.au)

Email: [mail@newportcorp.com.au](mailto:mail@newportcorp.com.au)

Business Hours: 5 days a week, 8.30am – 5.00pm

Service Hours: 7 days a week, 24 hours per day